



Top 10 High-risk Trends Everyone in Payments Should be Aware Of to Avoid BRAM & GBPP Fines

Guide



The payments risk and compliance space is dynamic — it's constantly adapting to advancing technologies, changing regulations, criminal innovation, and new products. Navigating this ever-shifting landscape can be both difficult and time-consuming. LegitScript keeps abreast of these trends to help our partners stay in compliance and reduce the risk of expensive card brand fines.

High-risk Trends	Trend 1 Get-rich-quick Schemes page 4-6	Trend 2 Gambling page 7-9	Trend 3 Hate / Harm page 10-12	Trend 4 Decorative Contact Lenses page 13-15
-------------------------	---	---	--	--

In this guide, LegitScript shares recent high-risk trends in card-not-present transactions that all payment providers should be aware of. You will also see examples and find additional resources to help answer common questions about these trends and how to navigate them.

Trend 5
Anabolic Steroids

page 16-18

Trend 6
Illicit Massage

page 19-21

Trend 7
Drop-shipping

page 22-24

Trend 8
Unauthorized Aggregation

page 25-27

Trend 9
DNP

page 28-30

Trend 10
Apetamin

page 31-33

Trend

1

Get-rich-quick Schemes

Get-rich-quick schemes involve merchants who are offering an opportunity marketed with unrealistic promises of high financial returns in a short amount of time. Problematic merchants typically require an upfront payment and often market their schemes as a low-effort way to make money fast.

Popular tactics include using unauthorized celebrity images to imply an endorsement of the product, or listing bogus glowing testimonials. LegitScript has observed an increasingly common scheme involving merchants offering cryptocurrency investment strategies that promise unreasonable returns.



Trend 1 [Get-rich-quick Example: Blockchain Whispers](#)

This is an example of a website that promises to help users “start insider trading before it becomes illegal in the cryptospace.” Prospective customers are directed to a secure messaging app that is known for high-risk activity. Furthermore, many Amazon reviews of the book featured at the top of the page call the service a scam.

Why? 1

Why is it important for payment providers to spot these merchants?

Get-rich-quick schemes are a common subject of regulatory scrutiny because of their deceptive nature. Regulation of “unfair, deceptive, or abusive acts or practices” (UDAAP) is overseen by the Consumer Financial Protection Bureau (CFPB), which was founded in 2011 to provide accountability for enforcing federal consumer financial laws and protecting consumers in the financial marketplace.

UDAAP presents a real risk for payment processors who enable merchants engaged in deceptive practices. Additionally, get-rich-quick business models present **elevated risk for chargebacks** as consumers realize they are unlikely to receive the monetary gains originally promised.

Tip Want to learn about other types of unfair, deceptive, or abusive acts or practices? Get the UDAAP TIP FAQ guide at legitscript.com/udaap.

Trend

2

Gambling

Gambling merchants are defined as ones offering a prize for participants in a game of chance that requires payment to enter. Specifically, this includes merchants who are offering lotteries, sweepstakes, sports and fantasy sports betting, horse racing shares, and raffles if the prize or entry fee is significant. This does not typically include small-scale raffles that are offered for charitable events, schools, or other small organizations.

In addition to traditional gambling websites, there has been a trend of websites offering “luxury raffles” that promise the chance to win jewelry, automobiles, exotic travel, and high-end electronics.



Trend 2 **Gambling Example: Wish Me Luck**

This website offers luxury raffles for jewelry, travel, gadgets, and cash. The About Us page states that the website “was created with one and only mission, to give our clients their hope back. We grew tired of both witnessing scams all over the internet and people not getting their money’s worth.”

Why? 2

Why do payment providers need to watch out for gambling merchants?

In the United States, gambling is regulated at both the state and federal levels. Some states have taken action to ban the activity of internet gambling completely, while many federal acts implicitly or explicitly prevent interstate or international gambling, especially in states where the activity in question has been outlawed.

Furthermore, gambling can easily obscure **transaction laundering** or **fraudulent scheming**. Additionally, gambling merchant accounts must be properly coded according to Visa's and Mastercard's global rules. Illegal or miscoded gambling merchants can result in sizable fines.

Tip Websites may not always use the word "gambling." Keep an eye out for other key words such as chance, luck, random, raffle, and jackpot.

Trend

3

Hate / Harm

Hate/harm content encompasses merchants whose primary purpose is to advocate for, or to promote products or services that advocate for, hatred, hostility, or violence toward members of a race, ethnicity, nation, religion, gender, gender identity, sexual orientation, or any other designated sector of society.

With increased momentum behind the alt-right movement over the past few years, there has been an increase in hate groups and other extremist organizations that frequently operate and organize through the internet.



Trend 3 **Hate / Harm Example: Fight White Genocide**

This website calls diversity a “genocidal scam” against white people and espouses a white homeland. Although these ideas may be protected under free speech, payment facilitators that process donations for the website’s operators may suffer reputational harm.

Why?

3

Why is this trend important for payment providers?

Although hate/harm content is not strictly illegal, payment providers are **free to enforce their own policies** around this content for brand protection purposes.

With a recent increase in crowdfunding platforms for extremist groups and their affiliates, these merchants may:

- Violate payment facilitators' policies regarding aggregation
- Present elevated risks for money laundering and transaction laundering
- Pose a reputational risk

Tip

Want to learn more about hate/harm content and what to look out for? Get the Hate/Harm FAQ guide at legitscript.com/hate-harm.

Trend

4

Seasonal Trends: Decorative Contact Lenses

Contact lenses are considered medical devices in many jurisdictions, and often require a prescription to purchase. In the United States, decorative contact lenses require a prescription even if they are plano lenses, meaning that they offer no vision correction. Merchants who offer the sale of cosmetic lenses must require that customers provide a valid prescription before providing the lenses. Furthermore, lenses must be approved by the FDA in order for a merchant to be considered fully compliant with US laws.

In early fall, merchants who operate seasonal businesses dedicated to offering Halloween costumes and accessories typically begin to appear in client portfolios in greater numbers. However, with the advent of cosplay (“costume play”) and other dress-up events, decorative contact lens merchants may begin to increasingly appear in portfolios year-round.



Trend 4 **Decorative Contact Lenses Example: Spooky Eyes**

Although it lists a UK address, this website offers shipping to the US and does not appear to require a prescription upon checkout. This would violate the FDA's rules, which consider all contact lenses to be medical devices, making them subject to federal regulation.

Why? 4

Why do payment providers need to be careful with seasonal merchants selling decorative contact lenses?

The FDA warns of dangers involved with unregulated contact lenses and advises against the use of contact lenses without a prescription or the oversight of a trained eye care professional. **Risks include corneal abrasions, allergic reactions, decreased vision, infection, and blindness.** For this reason, merchants offering cosmetic contact lenses with shipping to the US present elevated risk for card brand fines.

Any merchant selling contact lenses but not requesting a prescription should be a red flag for payment providers.

Tip Want to learn more about decorative contact lens merchants and the red flags to look out for? Get the Decorative Contact Lens FAQ guide at legitscript.com/decorative-contact-lenses.

Anabolic Steroids

Steroids are organic compounds that serve as important components of cell membranes and serve as signaling molecules. They may be legitimately prescribed for medical conditions such as hypogonadism, delayed puberty, and wasting caused by HIV. The word “anabolic” means “tissue building.” Although anabolic steroids increase muscle development, adverse effects may include acne, male breast development, liver cancer, heart attacks, elevated cholesterol levels, stunted growth, and extreme irritability. Anabolic steroids are Schedule III controlled substances under US federal law.

Some of the most pervasive pharmaceutical products sold illegally online are steroids and dietary supplements containing steroids. They come in the form of pills, capsules, powders, and injectables. Because these products are entering the market through unofficial channels, consumers can never be certain of the quality or legitimacy of the products they are purchasing.



Trend 5 **Anabolic Steroids Example: Steroids Fax**

The homepage for the company Steroids Fax features injectable steroids superimposed over images of bodybuilders. This is an immediate red flag, since anabolic steroids have not been approved for use in bodybuilding. The FAQ page states that the merchant is a “legitimate black market dealer” and “not a knock-off or a front organization.” It also includes information about the potential of parcel seizure.

Why? 5

Why should payment processors watch out for steroids and other bodybuilding products?

Although few steroids merchants online accept credit cards, some may slip by payment facilitators that have frictionless onboarding. Furthermore, there are many merchants marketing steroids-like products, such as **peptides** and selective androgen receptor modulators

(SARMs), who maintain merchant accounts by claiming to sell their products for research purposes. These can be trickier to spot because they attempt to obfuscate their true purpose by pretending to be a research lab.

Tip

Want to learn more about products that mimic the effects of steroids? Get the SARMs FAQ guide at legitscript.com/sarms.

Trend

6

Illicit Massage

Illicit massage refers to any merchant who is offering sexual massage services. These services typically violate payment facilitator terms and conditions, and in many cases also violate local laws. Overtly illicit massage websites are typically easy to spot because they include suggestive photos and descriptions. However, many merchants attempt to pose as legitimate massage businesses, which allows them to maintain a merchant account and process payment for sexual services.

In April 2018, the federal government seized backpage.com, a website critics say was notorious for enabling prostitution and human trafficking through the classified adult ad space. Because of this closure, one resulting trend has been an influx of illicit massage merchants who pose as massage professionals but are actually using their businesses as a front to provide sexual services.



Trend 6 Illicit Massage Example: Total Care Massage

A massage parlor in Los Angeles, California, has a website with no obvious violative content. It appears to be a legitimate massage business. However, a search of contact information shows that the business is listed on websites dedicated to erotic massages. Furthermore, LegitScript identified a print ad for the spa in a local newspaper's classifieds section. It features a woman in underwear and is listed under the Adult Massage category.

Why? 6

Why are illicit massage merchants important for payment providers to spot?

Aside from the ramifications associated with processing payment for sexual services, illicit massage businesses are responsible for thousands of **human trafficking** incidents every year,

according to Polaris, a nonprofit, nongovernmental organization. Allowing these kinds of merchants in your portfolios can result in both fines and reputational harm.

Tip

Want to learn more about hidden illicit massage merchants and what to look out for? Get the Introduction to Hidden Illicit Massage at legitscript.com/illicit-massage.

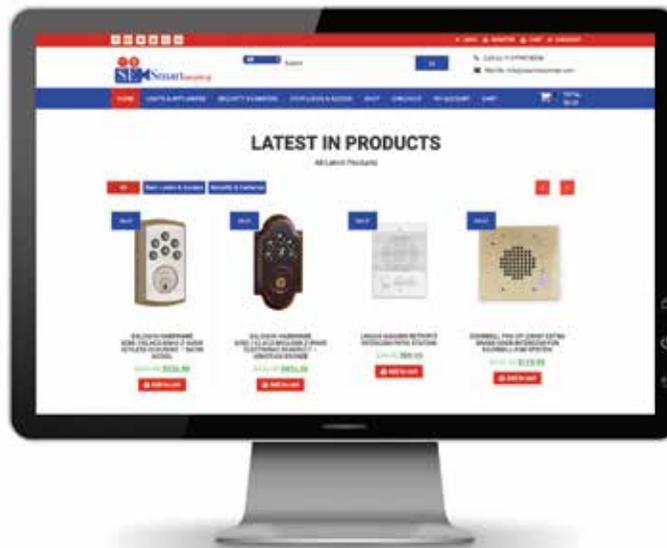
Trend

7

Drop-shipping

Drop-shipping is a business model that allows merchants to sell products without having a physical inventory of the items they sell. The products sold go directly from the manufacturer to the customer without utilizing the typical distribution channels. Drop-shippers do not own or possess the inventory of products listed on their website.

One risk associated with drop-shippers is that they never own or control their inventory, making fulfillment and shipping problems common. This lack of control provides a higher risk for chargebacks to the merchant. LegitScript has noticed an increasing trend of drop-shipping websites being used to mask illegal activity by transaction laundering. Criminals will set up websites selling innocuous products, when in reality they are processing payments for illegal transactions such as pharmaceuticals or psychoactive products.



Trend 7 Drop-shipping Example: SE Smart Easy Shop

At first glance, this website appears to be selling locks and alarm systems. However, multiple red flags stand out, including an improperly formatted phone number, inactive social media links, and odd pricing. Through a test transaction, LegitScript confirmed transaction laundering for this website, which was set up to process transactions for an illicit pharmaceuticals website.

Why? 7

Why are many payment processors wary of drop-shipping merchants?

Although the majority of drop-shippers are likely legitimate businesses, even these **pose risks as a result of increased chargebacks**. With the everyday risks associated with drop-shipping combined

with a trend of use for transaction laundering, payment processors will want to carefully scrutinize any drop-shipping merchants in their portfolios.

Tip Want to learn more about drop-shipping and what to look out for? Get the Drop-shipping FAQ guide at legitscript.com/drop-shipping.

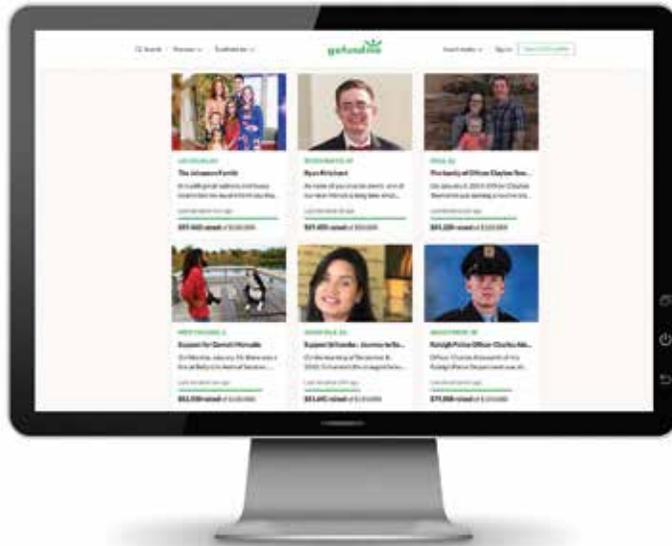
Trend

8

Unauthorized Aggregation

Aggregation typically refers to merchants who are allowing other merchants' transactions to flow through their accounts, rather than requiring platform users to sign up for their own merchant accounts. This can take many forms, most frequently crowdfunding websites (such as Kickstarter), services that facilitate transactions between two parties via a website or an app (such as Uber), marketplaces where third-party merchants can post their merchandise (such as eBay), and payment processors (such as PayPal).

Although many aggregator merchants are legitimate, merchants engaged in aggregation may pose elevated risk by introducing high-risk merchants downstream, and such aggregation is not always authorized. Aggregation merchants permitting high-risk behavior may be considered unauthorized aggregation.



Trend 8 Unauthorized Aggregation Example: GoFundMe

The website [gofundme.com](https://www.gofundme.com) is, according to the website, number one in free fundraising and crowdfunding online. Although most fundraisers are likely legitimate, there are many documented incidents of people using the website to defraud others with false stories. The problem is widespread enough that there is another website — [gofraudme.com](https://www.gofraudme.com) — devoted to tracking the activity.

Why? 8

Why is unauthorized aggregation important for payment processors to watch out for?

Payment aggregators carry additional risks, which can be amplified depending on the type of aggregation in which they are engaging.

First, there is the issue of **consumer safety**. Aggregators that require consumers to provide them with personal information, such as their bank account information, need to be properly vetted by acquirers to ensure that they can be trusted with consumers' information.

Second, if the merchant is a third-party payments aggregator (or marketplace) such as eBay, they have **less control** over what the individual merchants are selling.

Tip

Payment entities may wish to verify that a merchant engaged in aggregation has strong "know your customer" (KYC) controls in place.

Trend

9

DNP

The industrial chemical 2,4-dinitrophenol (DNP) is a fertilizer and pesticide that is abused by bodybuilders and other people for weight-loss purposes. The compound was first used in the 1930s after it was discovered that it greatly increases metabolic rate; but after numerous deaths, it was labeled “extremely dangerous and not fit for human consumption” by the Federal Food, Drug and Cosmetic Act of 1938.

Despite clear evidence of its dangers, DNP has been making a comeback. There has been a rise in online sales of DNP as a “dietary supplement,” and many recent deaths attributed to its use. Merchants selling DNP for human consumption frequently obfuscate their true intentions by creating websites that appear to be selling agricultural chemicals, including DNP. By seeming to sell DNP for legitimate purposes, they are able to keep a merchant account.



Trend 9 [DNP Example: FertilizerClub.com](#)

On this now-offline website, operators were selling DNP that they called “third party tested fertilizer pellets” that “support plant growth.”

However, there were many red flags that made the merchant high risk:

- This website carried almost exclusively DNP products.
- DNP was sold in small amounts, making it easy for human consumption.
- Discussions on bodybuilding forums by someone associated with the website indicated DNP was intended for human consumption.

Why? 9

Why should payment processors keep an eye out for DNP merchants?

DNP is among the most dangerous products being sold for weight-loss purposes today. For this reason, merchants selling the product will almost always **look for ways to obfuscate their business.**

Any merchants selling DNP — even ones that appear legitimate — should face careful scrutiny.

Tip People who consume DNP frequently use anonymous forums to chat about DNP dosing and where to buy it. These forums may provide evidence that a merchant is selling DNP for human consumption.

Trend
10

Apetamin

Apetamin is an unapproved drug marketed as a vitamin supplement for targeted weight gain — sometimes called getting “slim thick.” It contains cyproheptadine, an active pharmaceutical ingredient available only in prescription drugs in the US. Cyproheptadine is an antihistamine used to relieve allergy symptoms such as watery eyes, runny nose, sneezing, hives, and itching. A side effect of the drug is increased appetite and, as a result, it has been used in the treatment of anorexia and severe malnutrition.

Additionally, this side effect has also sparked a trend for otherwise healthy people, mostly women, to misuse Apetamin for cosmetic purposes — for targeted weight gain. Apetamin, which is sold as a syrup and as tablets, is often featured on social media and blogs as a wellness product, frequently positioned alongside cosmetic tutorials and fitness tips. For this reason, consumers can easily confuse it for a dietary supplement.



Trend 10 [Apetamin Example: Fitness A](#)

The Fitness A website (above, left) markets Apetamin in conjunction with workout plans, meal recipes, and a “Fitness A club membership.” The website describes Apetamin as a “vitamin and supplement that helps to promote appetite.” Like many Apetamin dealers, this merchant makes use of social media, featuring images of curvy woman holding the product (above, right).

Why? 10

What should payment processors watch out for when it comes to Apetamin?

Many merchants surreptitiously selling Apetamin will operate what appear to be innocuous websites devoted to fitness and wellness. Frequently, these merchants will primarily market the

product through their related social media channels, most commonly Instagram. Red flags include references to **targeted weight gain, slim thick bodies, and vitamin syrup.**

Tip Keep an eye out for the easily recognizable Apetamin bottle — it's brown with a long neck and a bright orange label.



At LegitScript, we are committed to making the internet and payment ecosystems safer and more transparent.

LegitScript experts proactively track high-risk trends to help keep our partners in compliance and reduce the risk of expensive card brand fines. Our merchant monitoring services provide best-in-class solutions for identifying and flagging high-risk merchants and helping our clients remove problematic vendors from their portfolios.

Take the Next Step

Find out how LegitScript can help your business eliminate regulatory risk, avoid fines, and keep your customers safe, by reaching out to us today.

Contact Us

Phone: 1-877-534-4879

Web: legitscript.com/contact

Keep Up to Date

Newsletter: legitscript.com/newsletter

Blog: legitscript.com/blog

Twitter: [@legitscript](https://twitter.com/legitscript)



818 SW 3rd Avenue, #353
Portland, OR 97204